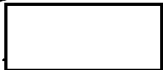


ED
18 September 1956

Copy No. 105

**CURRENT
INTELLIGENCE
BULLETIN**

**OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY**

DOCUMENT NO. 341
NO CHANGE IN CLASS. ☒
☐ DECLASSIFIED
CLASS. CHANGED TO: TS S 2109
NEXT REVIEW DATE: 2109
AUTH: HR 70-2
DATE: 2109 REVIEWER: 

State Dept. review completed

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Approved For Release 2003/01/29 : CIA-RDP79T00975A002700340001-4

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1. HAMMARSKJOLD'S VIEWS ON UN ACTION ON
SUEZ CLARIFIED

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Secretary General Hammarskjold told UN delegate Wadsworth on 14 September that it would be futile to convoke the Security Council on the Suez issue merely on the basis of either side's complaints,

since that would lead only to a deadlock. However, he does believe the Security Council should be asked to invite a small number of member nations to set up a Suez committee charged with the limited task of exploring the possibilities of a settlement on the basis of the 1888 convention.

Hammarskjold had expressed the same opinions in a written response to a request from the Egyptian UN delegate for Hammarskjold's views on Egypt's 10 September proposal for a new negotiating body, rejecting as impractical either a conference of 45 nations or a "renewed conference of 22."

Comment

These views suggest that Hammarskjold, despite his agreement that this is not the time for a Security Council meeting, is exploring the possibilities for some type of UN action, however limited.

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**3. EGYPT'S UNFROZEN RESERVES OF HARD CURRENCY
AND GOLD SUFFICIENT FOR PROLONGED PERIOD**

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Egyptian gold holdings and foreign assets not affected by the British, French and American freeze actions amount to about \$270,000,000, according to an official in the National Bank of Egypt who informed the American embassy. Two thirds of this total is gold, while the remainder is in foreign exchange and net balances against various countries, including about \$37,000,000 against the Soviet bloc.

Comment

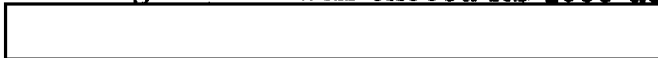


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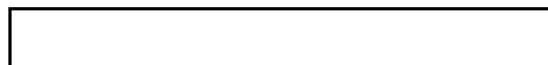
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[REDACTED] These unblocked reserves and the gold would allow Cairo to pay for imports at present rates for about two years, even in the event of a complete Western boycott of the canal. Unless the imposition of Western economic sanctions causes Egypt to tighten import restrictions, Egypt's 1956 foreign exchange deficit will exceed its 1955 deficit of \$88,700,000.

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5. SOVIET-INDONESIAN COMMUNIQUE CRITICIZED
IN INDONESIA

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The joint Soviet-Indonesian statement signed in Moscow on 11 September appears to have become a highly controversial issue in Indonesia and a majority of the cabinet has joined in criticizing it. Political and press criticism centers on the failure of the statement to mention Indonesia's claim to Netherlands New Guinea and the fact that the statement it-

self appears to be a violation of Indonesia's independent foreign policy.

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Two major cabinet parties--the strongly anti-Communist Masjumi and the vacillating Nahdlatul Ulama--have respectively "condemned" the statement and expressed "displeasure."

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The press criticism has been countered by an emergency decree banning publications critical of Indonesian officials. The decree was promulgated on orders from Prime Minister Ali, whose National Party, which heads the coalition, has played down the joint statement as having "no significance." The Indonesian Communist Party has warmly endorsed the communiqué.

The joint statement pledged closer friendship between the peoples of the two countries, anticipated increased cultural and economic relations, and listed international issues on which the two governments hold similar views. Sukarno, now in Yugoslavia, will continue his Orbit tour in Czechoslovakia and Communist China, where he will participate in the anniversary celebrations on 1 October of the Peiping regime.

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